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Chairman: Mr. Yousfi ..... (Algeria)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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The meeting was called to order at 10.05 a.m.

Organization of work

1. **The Chairman** drew attention to the proposed programme of work of the Committee for the first part of the resumed sixty-first session of the General Assembly. The proposed programme, which had been distributed informally, had been prepared on the basis of the note by the Secretariat on the status of preparedness of documentation (A/C.5/61/L.33).

2. **Mr. Woeste** (Germany), speaking on behalf of the European Union, the candidate countries Croatia and Turkey; the stabilization and association process countries Albania and Serbia; and, in addition, Liechtenstein and Norway, said that the European Union had frequently stated its view that the Committee should be able to complete its business by the scheduled date of 30 March 2007 without having to meet outside normal working hours. The Committee must shoulder its responsibility for promoting efficient management and efficient use of resources, as being of particular importance in ensuring that its decision-making was sound, open, transparent, and inclusive.

3. The European Union had determined three priorities within the Committee's proposed programme of work. The first, connected with the Organization's responsibility towards its staff, covered the urgent matter of reform of the administration of justice; safety and security issues; and funding of the liabilities for after-service health insurance. The second, connected with peace and security, was the discussion of the requested budgetary allocations for peacekeeping missions and special political missions. The third, connected with the transparency, accountability and external controls which the Organization required to fulfil its many functions, covered various issues, including the establishment of an Independent Audit Advisory Committee (IAAC) and increasing the operational independence of the Office of Internal Oversight Services (OIOS).

4. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that, while the Group hoped that the Committee would build on the progress made at the main part of the sixty-first session, it was concerned that important reports had been issued late or were still awaited. The Secretariat's failure to issue documentation in accordance with the rules of procedure of the General Assembly left the Member States and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) with too little time and affected the quality of the Committee's deliberations.

5. The Bureau should work with the Secretariat and the Advisory Committee to ensure that reports for the current part of the resumed session were issued promptly, and that those for the second part of the resumed session were issued at least six weeks in advance. While the briefings provided by Secretariat officials in informal consultations helped the Committee to master complex issues, it was also important for written responses to the questions put by Member States in informal consultations to be provided promptly.

6. The Group hoped for speedy progress on the administration of justice, the strengthening of OIOS, operationalization of the Independent Audit Advisory Committee, and the budgets of peacekeeping operations. Using the negotiating framework of the Committee, the oversight role of the Member States should be reinforced. Dialogue to that end should be conducted on the basis of the sovereign equality of Member States.

7. **Mr. Lara Peña** (Dominican Republic), speaking on behalf of the Rio Group, said that the proposed programme of work reflected the numerous important issues requiring decisions. Many were part of ongoing efforts to enable the Organization to function as a modern entity, fulfil its obligations under the Charter and cope with increasing expectations. Sufficient time must be allowed for all agenda items to be considered, and documentation must be provided in a timely manner, in keeping with the mandates of the General Assembly.

8. The outmoded and dysfunctional internal system of justice must be revamped, befitting the principle that the staff were the Organization's most valuable asset. The Group looked forward to a constructive debate on the basis of General Assembly resolution 59/283 on the administration of justice at the United Nations, the proposals of the Redesign Panel on the United Nations system of administration of justice, the comments of the Secretary-General and the observations of the Advisory Committee. A decentralized system which made the most of available resources would be advantageous and more effective.

9. With an eye to improving efficiency, oversight, accountability and professionalism in the Organization as a whole, the Group looked forward to discussing operationalization of the Independent Audit Advisory Committee, the liabilities attaching to after-service health insurance, and conditions of service and compensation for members of the International Court of Justice and judges and ad litem judges of the International Criminal Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda. Recalling that the General Assembly, at its sixtieth session, had requested the Joint Inspection Unit (JIU) to continue to enhance dialogue with participating organizations and thereby to strengthen the follow-up of the implementation of its recommendations, in particular on managing for results and to include in future annual reports more information on the impact of full implementation of recommendations, including any cost savings, productivity and efficiency gains achieved, the Group was interested in learning what progress had been made in those areas and in efforts to recognize and exploit the abilities of the Joint Inspection Unit.

10. Recognizing that efficiency improvements must be pursued at all levels of peacekeeping operations, the Group urged that adequate funding should be provided for the operations in Burundi, Lebanon and Timor-Leste. It also recognized the value of information and communication technology as a management strategy tool to guide reform, to improve efficiency by streamlining administrative processes and simplifying rules and procedures, and to increase accountability and transparency. A robust information and communication technology should be developed, relying on best practices and experience, to address the increasing dependence of the Organization on effective management of information.

11. Recalling that the General Assembly, at its fifty-ninth session, had requested the Secretary-General to report to it at its sixty-first session on measures taken to improve the operational administration of existing cost-sharing arrangements and on the possibility of further integration and rationalization of the security management system, the Group affirmed that issues of safety should be accorded the value they deserved, and that the Department of Safety and Security must have adequate funds to protect staff and enable them to fulfil the mandates entrusted to them. While perimeter security at Headquarters and other duty stations was the responsibility of the host country, internal security was the responsibility of the Organization.

12. **Mr. Saizonou** (Benin), speaking on behalf of the African Group, said that the Group welcomed the commitment of all the stakeholders involved to strengthening the Organization. However, it was concerned that the late issuance of reports made it difficult for Member States to prepare for the session. The time had come to make a positive change, and to address a perennial problem which affected the performance of the Committee. The six-week rule for the issuance of documents must be observed, in accordance with the General Assembly's rules of procedure and with its resolution 53/208 B on the pattern of conferences. The priorities facing the Committee at the first part of the resumed sixty-first session included the administration of justice and a range of efforts to make the Organization more effective.

13. **Mr. Berti Oliva** (Cuba) said that his delegation recalled the request, made by the General Assembly in section XVII of its resolution 61/244 on human resources management, for the Secretary-General to report to it at the first part of its resumed sixty-first session on proposals to address the imbalance in the geographical distribution of the staff of the Office of the United Nations High Commissioner for Human Rights (OHCHR), and wondered in that connection why no report appeared in the Committee's programme of work or in the note on the status of preparedness of documentation for the first part of the resumed sixty-first session (A/C.5/61/L.33). The Office of Human Resources Management should provide an explanation at a formal meeting of the Committee.

14. **Mr. Abelian** (Secretary of the Committee) said that the Bureau had been informed, in a memorandum of which the Committee was aware, that the Secretary-General was currently unable to issue a report in response to the request by the General Assembly in its resolution 61/244. As General Assembly resolution 61/159 on the composition of the staff of the Office of the United Nations High Commissioner for Human Rights, which had originated in the Third Committee, referred to the same subject matter, further consultations between the Office of Human Resources Management and the Office of the United Nations High Commissioner for Human Rights were required to resolve incompatibilities between the two resolutions. Furthermore, the Joint Inspection Unit had

incorporated the matter into its programme of work, which would be presented to the Committee at its following meeting. Consequently, the Secretary-General intended to report to the General Assembly at the second part of the resumed sixty-first session.

15. **Mr. Berti Oliva** (Cuba) said that, as his delegation did not understand the explanation given in the memorandum concerned of the incompatibilities between the resolutions, he still wished the Office for Human Resources Management to provide an explanation, at a formal meeting of the Committee, of the failure to provide the General Assembly with the report requested.

16. **The Chairman** said he took it that the Committee wished to approve the proposed programme of work on the understanding that the Bureau would take into account the views expressed and make the necessary adjustments.

17. *It was so decided.*

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Report of the Office of Internal Oversight Services on the audit and investigative reviews of the tsunami relief operations conducted by the United Nations Secretariat, funds and programmes and specialized agencies (A/61/669)

18. **Ms. Ahlenius** (Under-Secretary-General for Internal Oversight Services) said that the report of OIOS on the audit and investigative reviews of the tsunami relief operations (A/61/669), provided in response to the request made by the General Assembly in its resolution 60/259 on the report of the Secretary-General on the activities of the Office of Internal Oversight Services, gave an assessment of internal control and risk management arrangements in the relief operations and highlighted concerns associated with the oversight of complex inter-agency programmes.

19. While OIOS had hoped to provide a consolidated report showing the achievements of the United Nations as a whole in the areas destroyed by the tsunami, and indicating whether activities and the use of resources had been efficient, effective and ethically sound, the funds and programmes and specialized agencies had declined to share their internal audit reports, which were restricted to their respective management and governing bodies. There was in fact no established protocol or coordinating mechanism for sharing and consolidating oversight information among the various entities of the United Nations system. The Advisory Committee, in its report on the comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (A/61/605), had recommended that the General Assembly should request the Secretary-General, as Chairman of the Chief Executives Board for Coordination (CEB), to make proposals to the General Assembly on how to address that issue.

20. The Organization had incorporated several accountability mechanisms into tsunami relief operations, but OIOS had found some to be in need of refinement. For example, expenditure tracking had not been planned to present a comprehensive and adequate view of the use of resources, and, while a consulting firm had provided pro bono services to strengthen management of funds, its time could have been more profitably spent if an integrated risk assessment, involving all participating entities, had first been performed. While several United Nations agencies had established their own mechanisms to reduce vulnerability to fraud and corruption in their own programmes, no common risk policy had been formulated by the Secretariat, funds and programmes and specialized agencies for approval by the General Assembly, so efforts to identify and manage risk were piecemeal rather than integrated.

21. The report of OIOS contained three recommendations to strengthen management, oversight, internal control and risk management of tsunami programmes. Moreover, OIOS held the firm opinion that the Secretary-General should formulate and submit to the General Assembly for approval an internal control policy for the United Nations system which made the commitment to transparency and accountability fully effective. The policy should set out the different components of internal control and the responsibilities of management. It should also include requirements for joint oversight.

22. **Mr. Woeste** (Germany), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Serbia; and, in addition, Norway and Ukraine, expressed regret that, despite its efforts, OIOS had faced difficulties in producing the consolidated report

requested in General Assembly resolution 60/259. At the same time, he welcomed the effective cooperation between the Board of Auditors and OIOS aimed at avoiding duplication.

23. The European Union appreciated, and was ready to consider, the recommendations put forward by OIOS, bearing in mind, inter alia, the respective roles of the United Nations Secretariat, funds and programmes and specialized agencies and their governing bodies, as well as of their internal and external oversight entities.

24. Lastly, the European Union noted the oversight activities of OIOS with regard to the Office for the Coordination of Humanitarian Affairs (OCHA) in Indonesia, and the Office of the United Nations High Commissioner for Refugees (UNHCR) in Indonesia and Sri Lanka, and was pleased to learn that most OIOS recommendations had been implemented by the bodies concerned.

25. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that the report provided useful insight into the fragile state of coordination among internal oversight bodies across the United Nations family. He agreed that, in accordance with Articles 57, 58 and 63 of the Charter, the United Nations funds and programmes and specialized agencies were accountable to the General Assembly, which also provided a framework for a coordination mechanism for complex projects such as tsunami relief operations. The Group reiterated its strong support for the Assembly's oversight role.

26. It was regrettable that the funds and programmes and specialized agencies had used procedural impediments to prevent information from being shared with OIOS and that the Secretary-General had not exercised his authority as Chairman of the Chief Executives Board to facilitate the exchange of such information. It would seem to be a deliberate attempt to undermine the Assembly's oversight role.

27. It was also regrettable that the Assembly had been deprived of critical information concerning transparency and accountability measures put in place by the funds and programmes and specialized agencies in the use of public funds. The lack of transparency in the handling of such funds had harmed the image of, and eroded public confidence in, the Organization. Given the constraints under which OIOS had had to fulfil its mandate, the Group deeply appreciated its report, which, though falling short of the General Assembly's request, provided a sound basis for addressing a number of long-standing systemic issues.

28. The Group's concerns at the lack of transparency and accountability of funds and programmes management were reinforced by the report, which clearly indicated the lack of coordination among the oversight bodies of the United Nations Secretariat, funds and programmes and specialized agencies. The arrangements proposed in the past by the General Assembly, on the recommendation of the Secretary-General (A/61/669, paras. 13 and 14), had not been effective in ensuring a well-defined coordination arrangement among internal oversight bodies.

29. The Group noted with concern that the four major initiatives aimed at ensuring transparency and accountability in the context of tsunami relief operations (A/61/669, para. 20) had not been fully implemented, since the design of some of the controls needed to be refined and the internal control policy formulated in a single document and communicated to all stakeholders. The Group was also concerned that the OCHA expenditure tracking system covered only 8.4 per cent of the $13 billion in contributions received for relief and reconstruction.

30. The Group appreciated the report of the Board of Auditors (A/61/182), which contained, inter alia, the results of its audits of the tsunami relief activities of several United Nations entities, as well as the reference to some of the Board's findings in the OIOS report. The Group supported coordination between the Board of Auditors and OIOS within their respective mandates and regretted the fact that the Secretariat had used the external audit as a reason not to cooperate with OIOS. The Board's report should not be seen as a substitute for the consolidated OIOS report requested in resolution 60/259. The Group noted with concern the Board's observations regarding deficiencies in monitoring financial flows, as contained in paragraph 23 of the OIOS report (A/61/669). Those observations provided a firm foundation for the comprehensive internal control framework. The Group looked forward to considering the Board's full audit report, once it had been finalized.

31. The Group was particularly concerned that such a complex and multidimensional operation had been carried out without a cohesive internal control policy, with clearly defined components of internal control and

management responsibility for controlling the operations of the organizations, action on the part of management to fulfil those responsibilities, and accountability in the use of public resources. The United Nations should put in place such a comprehensive framework before taking on responsibility for other major operations. Measures were also needed to avoid duplication and competition in the delivery of assistance during major disasters. In that regard, he requested the Secretary-General to initiate the formulation of a comprehensive internal control policy that could govern all aspects of large-scale and complex operations in collaboration with OIOS, the funds and programmes and specialized agencies, and to report to the General Assembly. Consideration should also be given to including those aspects in the report to be submitted pursuant to resolutions 60/260 and 61/245.

32. Lastly, he lamented the fact that no senior management representatives were available to explain the reasons for the lack of cooperation with OIOS. His delegation requested that a high-level Secretariat representative should respond at a formal meeting to the concerns raised. In particular, he wished to know why the Secretary-General had not been allowed to ask the heads of the funds and programmes and specialized agencies to share their information with OIOS and to what extent the report of the Board of Auditors was seen as a substitute for the report requested in resolution 60/259.

33. **Mr. Hillman** (United States of America) said that the report of OIOS underscored the troubling lack of a coordination mechanism for sharing oversight information among the various entities of the United Nations system. That deficiency must be addressed in order to ensure transparency and accountability in the receipt and use of donor contributions in response to future emergencies. While the former Secretary-General and other senior United Nations officials bore responsibility for failing to communicate clearly to the heads of the funds and programmes and specialized agencies the need to cooperate and share relevant information with OIOS, the Member States must also acknowledge their own shortcoming in not having more forcefully demanded and legislated full collaboration among the oversight bodies of the various entities of the United Nations system.

34. The report made a number of recommendations to address the weaknesses in the current system and strengthen management, oversight and internal control among the Secretariat, the funds and programmes, and the specialized agencies. The General Assembly must take action on those issues as a matter of urgency, in order to have in place an effective framework for managing and exercising appropriate oversight of future complex inter-agency programmes.

35. **Ms. Preti** (Switzerland) expressed regret that, despite its efforts, OIOS had been unable to produce a consolidated report, as requested in resolution 60/259. In view of the contradictory opinions still found in the report, particularly regarding the rules governing the sharing of audit information, her delegation would welcome further clarifications.

36. Noting that little progress had been made in establishing a formal oversight coordination mechanism between the internal audit divisions of the funds and programmes and OIOS, she said that it was unfortunate that the requested limited review of the tsunami relief operation would not be able to serve as a model for future cross-agency collaboration, even though it would seem that cooperation between the Board of Auditors and OIOS had been effective.

37. Lastly, her delegation welcomed the three recommendations put forward by OIOS. However, while their implementation could set a framework and policy, they would not resolve all the overarching problems in oversight coordination.

38. **Mr. Golovinov** (Russian Federation) said that the report contained important information and a number of useful recommendations. The issues raised in the report regarding the need to improve interaction among the oversight services of the various entities of the United Nations system required further consideration and appropriate decisions by Member States. However, full account needed to be taken of the prerogatives of management bodies, particularly of the operational funds and programmes. Proposals aimed at improving cooperation among oversight services within the United Nations should be discussed by the Executive Boards of the funds and programmes before being submitted to the General Assembly for adoption by Member States.

Agenda item 117: Programme budget for the biennium 2006-2007 (*continued*)

Conditions of service and compensation for officials other than Secretariat officials: members of the International Court of Justice, judges of the International Criminal Tribunal for the Former Yugoslavia, judges of the International Criminal Tribunal for Rwanda, ad litem judges of the International Criminal Tribunal for the Former Yugoslavia and ad litem judges of the International Criminal Tribunal for Rwanda
(A/61/554; A/61/612 and Corr.1)

39. **Ms. Brzák-Metzler** (Chief, Conditions of Service Section), introducing the report of the Secretary-General on conditions of service and compensation for officials other than Secretariat officials (A/61/554), said that the General Assembly, by its resolution 59/282, had decided that the conditions of service and compensation for the members of the International Court of Justice and the judges and ad litem judges of the International Criminal Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda should next be reviewed at its sixty-first session.

40. Referring first to chapter II of the report, on remuneration, she said that paragraphs 3 to 17 recalled the legislative basis for setting the level of remuneration for the members and ad hoc judges of the International Court of Justice and the judges and ad litem judges of the International Criminal Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda and the fact that, at its fifty-ninth session, the General Assembly had decided to increase the annual salary of the members of the Court and the judges and ad litem judges of the two Tribunals by 6.3 per cent, from $160,000 to $170,080 per annum, effective 1 January 2005. Paragraphs 18 to 26 focused on adjustments for currency fluctuations, the weakening of the United States dollar over the last four years, and the decision to maintain, for those judges serving in The Hague, the floor/ceiling exchange rates of the euro vis-à-vis the United States dollar at the 2003 levels, pending review of the level of remuneration by the General Assembly at its sixty-first session.

41. Chapter III of the report discussed other conditions of service, including the special allowance of the President and Vice-President when acting as President, assistance with education costs, health insurance, survivors' benefit, travel and subsistence regulations, issues related to the hardship classification of the duty station and retirement benefits. Paragraphs 46 to 51 provided a summary of the in-depth review of the pensions of members of the International Court of Justice and recalled that, at its fifty-third session, the General Assembly had decided that the annual pension of a member of the Court should be based on half the annual salary of a judge who had completed a full, nine-year term, with a proportional reduction for a judge who had not completed a full term, and that pensions in payment should be automatically revised by the same percentage and at the same date as salary adjustments. Paragraphs 58 to 63 addressed the pension benefit for the judges of the two Tribunals, including the Advisory Committee's recommendation that such benefit should be based on that of members of the Court, prorated to account for the difference in the terms served by the members of the Court (nine years) and the judges of the Tribunals (four years). Paragraphs 60 to 62 reported the concerns of the two Tribunals relating to the disparity between the pension benefits of their judges and those of members of the Court. Paragraphs 64 to 75 described the conditions of service of the ad litem judges.

42. Chapter IV contained the outcome of the review of entitlements and set out recommendations, including the introduction of a mechanism similar to the one pertaining to salaries of staff in the Professional and higher categories, namely a net base salary with a corresponding post adjustment amount per index point equal to 1 per cent of net base salary at each level and step of the salary scale (para. 80) and, if that proposal was endorsed, the discontinuation of the application of the floor/ceiling mechanism to regulate emoluments against the weakening/strengthening of the United States dollar against the euro (para. 83); an increase in the special allowance of the President from $15,000 to $20,000 per year, and of the Vice-President when acting as President from $94 to $125 per day, for both the Court and the Tribunals (para. 86); the updating of the education grant to that applicable to staff in the Professional and higher categories effective 1 January 2007 (para. 88); the updating of travel and subsistence regulations to reflect current practice regarding the payment of the assignment grant (para. 92); and an increase in the retirement benefits and pensions in payment of the members of the Court and the judges of

the Tribunals, should there be an increase in the annual base salary (paras. 94, 95 and 97).

43. As mentioned in paragraph 96 of the report, the Secretary-General had taken note of the concerns of the Tribunals regarding the disparity between the pension benefits of their judges and those of the Court and had expressed the view that, as the General Assembly was the sole authority to determine the conditions of service and pension benefits of the judges of the Tribunals, the matter should be brought once again to its attention.

44. Paragraphs 97 to 132, on pensions in payment, provided a summary of the review undertaken. Noting that pension benefits were denominated in United States dollars, the Secretary-General was proposing that members of the Court and judges of the two Tribunals and survivors in receipt of a pension benefit who were residing in a non-United States dollar country or zone should be given the option of having their pension benefit converted from United States dollars to the local currency using the 36-month average exchange rate established by the United Nations Joint Staff Pension Fund (UNJSPF), thereby helping to offset the impact of exchange rate fluctuations (para. 130). No changes were proposed to arrangements for ad hoc judges or to conditions of service for ad litem judges as a result of the current periodic review (paras. 133 and 134 respectively).

45. Chapter V of the report regarding financial implications indicated estimated programme budget implications for 2006-2007 of $2,186,500.

46. Lastly, paragraph 136 recalled that, in its resolution 59/282, the General Assembly had decided that the conditions of service and compensation for the members of the International Court of Justice and the judges and ad litem judges of the two International Tribunals would next be reviewed at its sixty-first session. Should the General Assembly decide to revert to the three-year review cycle, the next comprehensive review by the Assembly would be undertaken at its sixty-fourth session, in 2009.

47. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/61/612 and Corr.1), said that the General Assembly periodically conducted a comprehensive review of the conditions of service of the members of the International Court of Justice and the judges of the International Criminal Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda.

48. Recalling that the Secretary-General's report (A/61/554) contained a number of proposals in response to General Assembly resolution 59/282, including mechanisms for adjusting remuneration, he said that, although the Advisory Committee had stated its opinion on some of those proposals, it was for the General Assembly to set the conditions of service of the members of the Court and the judges of the Tribunals.

49. With respect to the level of remuneration, the Secretary-General had proposed that Member States might wish to introduce a post adjustment system similar to the one for salaries of staff in the Professional and higher categories to allow for currency fluctuations and cost of living. The Advisory Committee was of the opinion that the Secretary-General's proposal, which used current net remuneration as the base salary without taking into account the fact that current net remuneration already included a cost-of-living component, unduly inflated the remuneration calculated under a post adjustment system. The Advisory Committee therefore recommended that the Secretary-General should be requested to put forward alternative proposals.

50. The Advisory Committee had no objection to the Secretary-General's proposal to extend to the members of the International Court of Justice and to the judges of the International Tribunals the increases in the level of the education grant recommended by the International Civil Service Commission (ICSC) in paragraph 62 of its 2006 report (A/61/30), which had been approved by the General Assembly in its resolution 61/239.

51. The Secretary-General had also proposed that the level of the special allowance of the President of the Court and the Vice-President when acting as President should be increased by approximately 30 per cent to bring the rate of the allowance up to the 10-per cent level applied at the International Criminal Court. The Advisory Committee recommended against the proposal, since additional resource requirements should be justified on the basis of real needs and expenditure patterns.

52. Regarding the protection of the level of pensions in payment, the Advisory Committee recommended

acceptance of the Secretary-General's proposal to apply a 36-month average exchange rate established by the United Nations Joint Staff Pension Fund for retirees and survivors residing in non-United States dollar countries. However, the method should be adopted on the understanding that retirees and survivors would be given a one-time option to request conversion of their pension into another currency, rather than on an annual basis.

53. Finally, with respect to pension benefits, the Presidents and Registrars of the Tribunals had proposed amendments to annex II to General Assembly resolution 58/264, whereby those benefits would be determined on the basis of years of actual service. The Advisory Committee was of the opinion that the pension benefits of the judges of the International Tribunals should be decided by the General Assembly.

54. **The Chairman** drew the Committee's attention to a letter dated 2 March 2007 from the President of the International Criminal Tribunal for Rwanda addressed to the Chairman, stating that the judges of the Tribunal strongly supported the Secretary-General's proposals.

55. **Mr. Woeste** (Germany), speaking on behalf of the European Union, the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania and Serbia; and, in addition, Ukraine, said that the courts and tribunals of the United Nations were enhancing the Organization's prestige and that the decisions handed down by the judges had contributed to the development of public international law.

56. The European Union had taken note of the Secretary-General's comprehensive report and, in particular, the proposal to apply the post adjustment system for the remuneration of judges of the International Court of Justice and the International Tribunals. In the view of the fact that judges were elected members of a main body of the United Nations and exercised a special function, their compensation and conditions of service must be determined by the General Assembly, taking into account the Advisory Committee's views, as set out in its related report (A/61/612).

57. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that, to date, the General Assembly had succeeded in offering a compensation package to the judges of the International Court of Justice and the International Tribunals that was commensurate with their responsibilities and ensured their independence. Every effort must be made to ensure that the compensation package was protected against factors that might undermine its net value.

58. The Group supported the provision in the Statute of the International Court of Justice whereby the salaries and allowances of the judges were fixed by the General Assembly and could not be decreased during the term of office. It also supported the principle of equity in benefits for the judges of the International Court and the Tribunals. The Group remained concerned that, while the salaries of the judges of the International Court of Justice and of the International Criminal Tribunal for the Former Yugoslavia had been protected against fluctuations in exchange rates and consumer price indices, no specific measures were in place to protect the salaries of the judges of the International Criminal Tribunal for Rwanda.

59. Although the Secretary-General's report underlined some of the complex issues involved, further clarification would be required with respect to the application of floor/ceiling mechanisms, differences in salaries and allowances and disparities in the pension benefits for different categories of judges. The General Assembly, in consultation with ICSC, should consider developing a concrete and well-defined mechanism to regulate the conditions of service and compensation for officials other than Secretariat officials.

60. The Group wished to clarify that any decisions regarding increases in the salaries and other allowances of the judges of the International Court of Justice and the International Tribunals should not constitute a precedent for any other category of judges working within the United Nations system. All other cases should be dealt with according to the prescribed procedures.

61. **Mr. Saizonou** (Benin), speaking on behalf of the African Group, said that the Group had taken note of the Secretary-General's proposals but would appreciate further elaboration in informal consultations.

62. He also noted that the Secretary-General had proposed a mechanism to the General Assembly, with programme budget implications for the biennium 2006-2007, that would cover remuneration and other conditions of service. Although the Group would support any mechanism that addressed disparities

resulting from changes in consumer price indices and currency fluctuations in the different duty stations, it would seek further clarification of the Advisory Committee's views (A/61/612) in informal consultations.

63. **Mr. Wallace** (United States of America) said that his delegation agreed with the Advisory Committee that the Secretary-General's proposal to introduce a post adjustment system similar to the one for salaries of staff in the Professional and higher categories to allow for currency fluctuations and cost of living would unduly inflate the remuneration of the members of the Court and judges of the Tribunals. Although it was clear that increases in the cost of living and exchange rate fluctuations could negatively impact the purchasing power of the remuneration, alternative mechanisms should be investigated and presented to the General Assembly at its sixty-second session, as recommended by the Advisory Committee.

64. With respect to the Secretary-General's recommendation that the special allowances for the Presidents of the International Court of Justice and the International Tribunals should be increased from $15,000 to $20,000 per year and that the special allowance paid to the Vice-Presidents of those courts when acting as President should be increased from $94 a day to $125, the same increases had been proposed in the review conducted at the fifty-sixth session of the General Assembly. At that time and again during the current review, the Advisory Committee had found that the increases were not justified; his delegation concurred with that assessment.

65. Regarding the level of the education grant, he agreed with the Advisory Committee's recommendation that all conditions of service should be considered together as part of the periodic review by the General Assembly and not linked to any developments with regard to staff. With respect to health insurance, the provisions made by the Organization for the judges of the Tribunal to participate in an appropriate United Nations medical insurance plan, at full premium, were satisfactory.

66. His delegation strongly supported the view of the Secretary-General and the Advisory Committee that the travel and subsistence regulations for the members of the Court should be reviewed and updated in line with the current standards of the Organization, as they had not been reviewed since their approval by the General Assembly in 1982.

67. He appreciated the recommendation by the Secretary-General and the Advisory Committee that retirement benefits should be discussed in the appropriate forum, namely the General Assembly. However, he would like to receive further input from the Advisory Committee, as it had neglected to offer a recommendation on the matter in its most recent report.

68. Regarding the effect of exchange rates on the level of pensions for judges and surviving spouses, he was concerned about the frequent revisions that could result from the Secretary-General's proposal; although there was merit in the Advisory Committee's recommendation to allow a one-time choice for selecting the currency of the pension, the matter required further discussion.

69. **Ms. Kuroda** (Japan) said that her delegation agreed with the Advisory Committee's recommendations in respect of the level of annual remuneration.

70. Regarding the retirement benefits of the judges of the International Tribunals and those of the International Court of Justice, the disparity reflected the different legal status of the Tribunals and the Court, the latter having been established under the Charter as a principal organ of the United Nations. The General Assembly had consistently endorsed the Advisory Committee's recommendations on the matter and there was no reason to change that policy.

71. **Mr. Shalita** (Rwanda) said his delegation had taken note of the Advisory Committee's recommendations in respect of the level of remuneration of the judges of the Tribunals. He emphasized the need for equity between the two Tribunals as well as equity between the Tribunals and the Court and pointed out that the issues before the three bodies were of equal importance to the General Assembly. It was therefore imperative that the disparity in the amounts and basis of calculation of retirement benefits for the judges of the Court and the two Tribunals should be addressed.

The meeting rose at 11.45 a.m.

United Nations A/C.5/61/SR.39

General Assembly
Sixty-first session

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Fifth Committee

Summary record of the 39th meeting
Held at Headquarters, New York, on Tuesday, 6 March 2007, at 10 a.m.

Chairman: Mr. Yousfi ..... (Algeria)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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07-25944 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 117: Programme budget for the biennium 2006-2007 (*continued*)

Strengthened and unified security management system for the United Nations (A/61/531 and A/61/642)

Measures taken to improve the operational administration of existing cost-sharing arrangements for safety and security (A/61/223 and A/61/642)

Strengthened and unified security management system for the United Nations: standardized access control (A/61/566 and A/61/642)

1. **Mr. Veness** (Under-Secretary-General for Safety and Security), introducing the Secretary-General's reports on a strengthened and unified security management system for the United Nations (A/61/531), measures taken to improve the operational administration of existing cost-sharing arrangements for safety and security (A/61/223) and a strengthened and unified security management system for the United Nations: standardized access control (A/61/566), said that, since its establishment, the Department of Safety and Security had concentrated on three main areas of activity: recruitment; integration of the security management components of the former Office of the United Nations Security Coordinator, the Security and Safety Service at Headquarters, services at offices away from Headquarters and the regional commissions, and the civilian security component of the Department of Peacekeeping Operations; and the achievement of operational effectiveness through increased contact with host countries. In an effort to increase cooperation, he had intensified his contacts with Member States, both through their permanent missions to the United Nations and through direct contact with various responsible host-country authorities, and would be contacting all permanent missions in the near future to seek their assistance in implementing best-practice policies. He would also circulate security guidelines, as recommended by the Humanitarian Policy Group of the Overseas Development Institute.

2. Significant achievements by the Department included more comprehensive briefing of all staff members; the successful negotiation and implementation of a security management accountability framework; advanced security training for all staff stationed in or travelling to a field location where a security phase was in effect; the provision of critical incident stress management through the Critical Incident Stress Management Unit; improved emergency response to natural disasters and humanitarian crises; and the integration of lessons learned from the 2004 tsunami.

3. Remaining challenges included improving vehicle safety; achieving greater gender parity; and addressing significant gaps in crisis management and surge capacity. With respect to gender parity, he had written to all Member States requesting their assistance in identifying and recruiting qualified women security officers; however, those efforts had not produced the desired results.

4. Financial, personnel and administrative integration also remained a challenge and different conditions of service of security officers in the field had become a contentious issue that affected morale and had the potential to degrade the integrated security management system.

5. Finally, it was regrettable that the issue of cost-sharing had led to a protracted budgetary debate. Although cost-sharing was necessary, it should be managed in a practical manner and should not divert attention away from the Department's primary mission.

6. Regarding the Secretary-General's report on a strengthened and unified security management system for the United Nations (A/61/531), he drew attention to the fact that several of the percentages of occupied posts in the section on recruitment were out of date; in fact, more recent statistics showed that significant improvements had been achieved across the board. With respect to the need for a strategic approach to security, the Department of Safety and Security was currently engaged in four projects: in Iraq, Afghanistan, the Sudan and, most recently, Somalia. Finally, the Department had developed a close working relationship with the Department of Peacekeeping Operations, with a view to ensuring effective crisis management.

7. Concerning the Secretary-General's report on a strengthened and unified security management system for the United Nations: standardized access control (A/61/566), it was vital that the security improvements which had been implemented at the Secretariat should be replicated at the offices away from Headquarters and the New York annex buildings.

8. Turning to the Secretary-General's report on measures taken to improve the operational administration of existing cost-sharing arrangements for safety and security (A/61/223), he said that the intentions expressed by Member States in the General Assembly concerning the development of a unified and integrated security management system often differed from those expressed within the governing bodies of the agencies, funds and programmes. It was regrettable that the World Bank had withheld its contribution; however, discussions between that organization and the High-level Committee on Management were ongoing.

9. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/61/642) in respect of the three reports of the Secretary-General (A/61/223, A/61/531 and A/61/566), said that the reclassification of the existing D-2 post of Deputy to the Under-Secretary-General for Safety and Security should be considered in the context of the Secretary-General's proposed programme budget for the biennium 2008-2009. The Advisory Committee had no objection to the proposed continuation of the D-2 position of Director, Headquarters Security and Safety Service, and recommended approval of the proposed conversion of the 134 temporary posts to established posts in the Security and Safety Services.

10. The Advisory Committee sought clarification as to why there were differences between the total compensation packages offered to Department of Safety and Security field security personnel by the United Nations Development Programme (UNDP) and by the United Nations. The Advisory Committee also sought information on the implementation of security enhancement projects at all main United Nations duty stations. He understood that, since the time of writing, the requested information had been received and was available to the Fifth Committee.

11. With respect to cost-sharing arrangements, the United Nations Secretariat and United Nations organizations, funds and programmes shared a common responsibility for the security and safety of their staff and it was in their interest to provide adequate and assured funding for security.

12. Finally, the Advisory Committee had no objection to the Secretary-General's proposal that the General Assembly should approve the proposed course of action and authorize him to enter into commitments of approximately $20.2 million under the programme budget for the biennium 2006-2007, $1.5 million under the budget for the International Tribunal for the Former Yugoslavia and some $2.0 million under the budget for the International Criminal Tribunal for Rwanda, to be reported on in the context of the respective second performance reports.

13. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, recalled that the General Assembly had requested, in its resolution 59/276, that the Secretary-General should submit several reports on the implementation of a unified and strengthened security management system in order to ensure the safety and security of United Nations staff, operations and premises at United Nations Headquarters and main duty stations, as well as in the field. He also recalled that the General Assembly had emphasized, in the same resolution, that the primary responsibility for ensuring the safety and security of United Nations staff and premises rested with the host country. It was therefore imperative that Member States should be apprised of the status of formal arrangements between the United Nations and host countries.

14. The Group applauded the efforts of the Department of Safety and Security to establish a strengthened and unified security management system for the United Nations, as requested by the General Assembly; however, given that the level of risk and threat varied, it was necessary to set clear standards for risk and threat assessment and clear criteria for determining security needs, in order to justify additional requirements.

15. It was imperative to establish time frames for the completion of projects previously approved by the General Assembly. That fact should be borne in mind during future discussions on the implementation of the capital master plan, the proposed projects under the first phase of the standardized access control scheme and the proposed realignment of the Department of Peacekeeping Operations. It was also important to establish a comprehensive framework for the strengthening of the system-wide security management system, particularly in respect of the two phases of standardized access control, so that Member States could take informed decisions. The Group shared the Advisory Committee's views regarding standardized access control and underlined the importance of setting up effective measures to guarantee the highest level of protection of personal data available in the system.

16. Regarding the Secretary-General's report on a strengthened and unified security management system for the United Nations (A/61/531), the Group remained concerned at the high vacancy rate in the different divisions of the Department of Safety and Security and would welcome further information on both the current composition of the Department and the efforts being made to achieve greater geographical balance and gender parity.

17. Concerning the Secretary-General's report on measures taken to improve the operational administration of existing cost-sharing arrangements for safety and security (A/61/223), the Group shared the Advisory Committee's view that organizations participating in the United Nations security management system were responsible for paying their share of the costs. In that regard, the Group would welcome further information on the organizations that had refused to pay their share as well as the reasons for their position.

18. Finally, it was important to bear in mind that increased funding for safety and security should not jeopardize funding for other critical United Nations programmes and priorities.

19. **Mr. Fenchel** (Germany), speaking on behalf of the European Union, the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina and Serbia; and, in addition, Norway, said that the European Union welcomed the efforts of the Department of Safety and Security to provide safe working conditions in the Organization. However, it was concerned that the Committee's repeated deferral of its consideration of the item in the past might have put staff at risk. That regrettable delay must not continue, as safety and security were important in maintaining and enhancing the well-being and productivity of the staff. With the recommendations made by the Advisory Committee in its report (A/61/642) on the three reports of the Secretary-General relating to safety and security (A/61/223, A/61/531 and A/61/566), which the European Union supported, the Committee was in a good position to make progress.

20. Swift action must be taken to achieve the goal of complying with headquarters minimum operating security standards for perimeter protection and electronic access control. However, the European Union would like clarification of the financial resources needed to implement the first phase of the access control project and of the proposed conversion of Security and Safety Service temporary posts to established posts. Appreciating the efforts of the High-level Committee on Management and the Inter-Agency Security Management Network to further develop the existing cost-sharing arrangements, the European Union looked forward to hearing more about how the difficulties of the current system could be overcome.

21. **Mr. Ibsen** (United States of America) said that his delegation had always maintained that the Organization could not function effectively without safety and security provisions for its staff, and commended the Department of Safety and Security for its efforts to ensure a coherent, effective and timely response to threats and emergencies, establish a coordinated threat and risk assessment mechanism, develop and implement effective security policies and ensure that security personnel were used in the most cost-effective way. His delegation valued the efforts of the Under-Secretary-General for Safety and Security to increase contacts with Member States and maintain a high level of direct involvement in operational matters in the field, and supported the proposed continuation of the D-2 position of Director, Headquarters Security and Safety Service, in order to provide and maintain a high level of direction, guidance and supervision in the Department.

22. Although 84 per cent of the Department's 1,830 posts were occupied, 99 security officer posts remained vacant and should be filled without compromising the highest standards of efficiency, competence, and integrity. As the development of a coordinated system-wide emergency response capacity would be a major undertaking for the Department, his delegation looked forward to receiving further details of the United Nations Crisis Operations Centre and the mandate of the small team formed to explore the benefits and implications of such a Centre.

23. His delegation hoped that implementation of the first phase of the standardized access control project would address the instances of insufficient security capacity pointed out in the report of the Secretary-General on a strengthened and unified security management system for the United Nations: standardized access control (A/61/566). It would seek further information on the specific proposals and action involved in the second phase of the standardized access

control project. Expressing support for the Department's efforts in general and the efforts to increase the headquarters minimum operating security standards in a way which satisfied the needs for cost efficiency and security effectiveness in particular, as well as recalling the Fifth Committee's role in overseeing security operations, his delegation hoped for speedy implementation of a number of the Department's proposals.

24. **Ms. Kaji** (Japan) said that the establishment of the Department of Safety and Security, on the basis of General Assembly resolution 59/276, had been an important step towards a unified, system-wide, security standard. While her delegation regretted that the report on the implementation of that resolution requested by the General Assembly originally for its sixtieth session had been deferred to the present session, it welcomed the information contained in that and the other reports before the Committee.

25. In connection with the review of posts in the Department, her delegation would like the Secretariat to clarify why the introduction of new technology had not led to fewer security officers being required, as it remained unconvinced by the number of posts referred to by the Advisory Committee in the annex to its report (A/61/642). Taking the view that the Committee must keep in mind the intended purpose of the performance reports, she agreed with the Advisory Committee that the reclassification of the post of Deputy to the Under-Secretary-General for Safety and Security should be considered in the context of the Secretary-General's proposed programme budget for the biennium 2008-2009.

26. While her delegation agreed that the Department should gradually assume a leading role in crisis response, she would be interested to know the outcome of the Department's review of the operation of the interim team. She acknowledged the importance of compliance with the headquarters minimum operating security standards for perimeter protection and electronic access control, but would like more information regarding the planned second phase of the standardized access control project and the expected date of submission of the report on the matter, which the General Assembly was due to receive at its sixty-second session. Lastly, her delegation reiterated its support for the principle of sharing the costs of maintaining the safety and security of United Nations personnel.

Agenda item 124: Joint Inspection Unit (*continued*) (A/62/34)

27. **Ms. Wynes** (Chairperson, Joint Inspection Unit) said that the Joint Inspection Unit (JIU) had responded to the request made by the General Assembly in its resolutions 60/258 and 61/238 on JIU to continue to submit an advance copy of its programme of work to the General Assembly at the first part of its resumed session each year by revising and streamlining its annual planning process. As a result, it had approved a programme of work for 2007 at its December 2006 session, and was submitting to the Committee a single consolidated document containing its annual report for 2006 and its programme of work for 2007. Having finalized its programme of work early, JIU had been able to discuss its planned projects, which focused on management issues system-wide, with the Board of Auditors and with the Office of Internal Oversight Services (OIOS). Such discussion would be repeated periodically during the coming year to exchange information and prevent duplication and overlap.

28. Building on the previous work of the Unit, of OIOS and of the United Nations Development Group, reviews of common services would be undertaken for the United Nations Office at Nairobi and for regional commissions, including the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). As air services for organizations of the United Nations system were a special category of common services, JIU would examine the main provider in that field, the United Nations Humanitarian Air Service, operated by the World Food Programme, and, to a lesser degree, also the air services of peacekeeping missions.

29. It also proposed to review the use of corporate consultancies and corporate sponsoring, in order to identify opportunities and risks, determine best practices and further develop policies and standards, and planned to examine headquarters agreements and other host-country agreements to assess whether they were applied strictly and without discrimination against staff members or the Organizations which employed them. On the basis of past studies, including that of the High-level Panel on System-wide Coherence, JIU would review in depth the relationship between the Special Representatives of the Secretary-General and United Nations Resident Coordinators, with a view to clarifying their roles and functions and

contributing to a more effective United Nations management structure in the field.

30. As part of its series of reviews of management and administration in United Nations system organizations, JIU had included in its programme of work for 2007 reviews of the International Maritime Organization and World Tourism Organization. In the light of the General Assembly's request for JIU assistance in implementing resolution 61/159, on the composition of the staff of the Office of the United Nations High Commissioner for Human Rights, it had included in its programme of work a further review of that Office, focusing on funding and staffing issues. In view of widespread interest in the recruitment of junior Professionals to the Organization, JIU would review the national competitive examination, drawing on the experience of other organizations with similar examination systems.

31. Finally, the programme of work for 2007 was based on what JIU could reasonably expect to achieve with its resources. As the current staffing structure prevented optimal planning and implementation of projects, JIU had submitted, for the biennium 2008-2009, a proposal to convert two General Service posts to research officer posts. It believed that such a change would increase its productivity.

32. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that the Group recognized the importance of JIU as the United Nations system's sole independent external oversight body. It had therefore taken an active part in the discussions leading to the adoption of General Assembly resolution 61/238. The readiness of JIU to respond to the reform process had been proved by its submission to the Committee of a programme of work for 2007 focusing on issues of system-wide interest, value and relevance from the point of view of efficiency and effectiveness. The Group looked forward to the results of the JIU reviews.

33. The Group commended JIU for promoting interaction with OIOS and the Board of Auditors in order to avoid duplication of effort and for its dialogue with oversight bodies in other organizations of the United Nations system. The early adoption of its programme of work had enabled it to discuss its proposed reviews at the tripartite meeting with the Board of Auditors and OIOS in December 2006. The Group took it that the General Assembly would simply take note of the JIU programme of work for 2007, as its role did not extend to reviewing or altering the programme. The Group indicated that it would consider favourably the JIU request for additional resources.

34. **Mr. Hillman** (United States of America) said that, by advancing its own planning process, JIU had reaped a number of behefits, including better coordination and information-sharing with other oversight bodies. A prime example was the opportunity to discuss the reviews proposed in its programme of work with the Board of Auditors and OIOS at the tripartite meeting held in December 2006. The efforts of JIU to strengthen follow-up to its recommendations, in keeping with General Assembly resolutions 60/258 and 61/238, were essential to ensuring that those recommendations resulted in greater efficiency, savings, coordination and accountability. His delegation looked forward to receiving further details of the benefits of implementing the recommendations fully in the JIU report expected at the sixty-second session.

35. Having noted with interest the proposed reviews of corporate sponsoring in organizations in the United Nations system and of management and administration in the World Tourism Organization, his delegation would like further information and clarification regarding the scope and objectives of the remaining proposed reviews, particularly those on common services at United Nations regional commissions, management and administration in the International Maritime Organization, Special Representatives of the Secretary-General and United Nations Resident Coordinators, and common services at the United Nations Office at Nairobi.

The meeting rose at 11.05 a.m.

United Nations A/C.5/61/SR.40

General Assembly
Sixty-first session

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Fifth Committee

Summary record of the 40th meeting
Held at Headquarters, New York, on Tuesday, 13 March 2007, at 10 a.m.

Chairman: Mr. Yousfi ..... (Algeria)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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Organization of work

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07-26768 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 117: Programme budget for the biennium 2006-2007 (*continued*)

***Estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council (continued)* (A/61/525/Add.6 and Add.7 and A/61/640/Add.1 and Add.2)**

1. **Mr. Thatchaichawalit** (Office of Programme Planning, Budget and Accounts), introducing the report of the Secretary-General on estimates in respect of the United Nations Integrated Office in Burundi (BINUB) and the United Nations representative to the International Advisory and Monitoring Board (A/61/525/Add.6), recalled that BINUB had been established pursuant to Security Council resolution 1719 (2006), initially for one year beginning on 1 January 2007. In order to facilitate the mission's start-up, at the request of the Controller a commitment authority of $8,538,700 had been granted to the Secretary-General, with the prior concurrence of the Advisory Committee, in accordance with the provisions of General Assembly resolution 60/249 on unforeseen and extraordinary expenses for the biennium 2006-2007. That sum, added to the additional requirements for 2007, brought the estimated net total resource requirements for the year to $35,754,800 ($38,209,500 gross).

2. The International Advisory and Monitoring Board, an audit oversight body for the Development Fund for Iraq, had been established pursuant to Security Council resolution 1483 (2003). Although no further extensions of its mandate had originally been expected, the Security Council, in its resolution 1723 (2006), had extended the mandate and membership of the Board until 31 December 2007. The estimated net total resource requirements of the Board for 2007, $162,500 ($175,500 gross), would be accommodated from the $156,800 unencumbered balance against the 2006 appropriation for the Board, and from existing provisions for special political missions, as necessary. The General Assembly was invited to take the action described in paragraph 19 of document A/61/525/Add.6 in connection with the United Nations Integrated Office in Burundi and the United Nations representative to the International Advisory and Monitoring Board.

3. Introducing the report of the Secretary-General on estimates concerning the United Nations Mission in Nepal (UNMIN) (A/61/525/Add.7), he recalled that the Security Council, in a statement by its President on 1 December 2006 (S/PRST/2006/49), had noted the request by the signatories to the Comprehensive Peace Agreement in Nepal for United Nations assistance in implementing key aspects of that Agreement and had welcomed the Secretary-General's intention to take action in that regard.

4. The original commitment authority for interim activities in Nepal granted to the Secretary-General with the prior concurrence of the Advisory Committee, in accordance with the provisions of General Assembly resolution 60/249, on unforeseen and extraordinary expenses for the biennium 2006-2007, was $9,363,600. By its resolution 1740 (2007), the Security Council had decided to establish the United Nations Mission in Nepal for 12 months, under the leadership of a Special Representative of the Secretary-General. The original sum, added to the additional requirements for 2007, brought the estimated net total resource requirements for the year to $91,523,300 ($95,632,600 gross). The General Assembly was invited to take the action described in paragraph 139 of document A/61/525/Add.7 in connection with UNMIN.

5. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on estimates in respect of the United Nations Integrated Office in Burundi and the United Nations representative to the International Advisory and Monitoring Board (A/61/640/Add.1), said that the Advisory Committee was recommending that $33,080,400 should be appropriated for the United Nations Integrated Office in Burundi, and that it concurred with the proposal of the Secretary-General regarding the costs in 2007 of the United Nations representative to the International Advisory and Monitoring Board, which would be accommodated from the unencumbered balance against the related appropriation for 2006.

6. With regard to the United Nations Integrated Office in Burundi, the Advisory Committee was concerned that, although the transition of the United Nations Operation in Burundi (ONUB) to a special political mission had been known for some time, limited numbers of ONUB staff had been retained for

BINUB. In the light of the substantial gap between budgetary assumptions and actual deployment of staff, the Advisory Committee had recommended increases in the delayed deployment factor from 10 to 20 per cent in the case of international staff, and from 5 to 15 per cent in the case of national staff. If the mission achieved faster deployment, that fact should be reflected in the second performance report for the biennium 2006-2007.

7. In addition, having reviewed the proposed staffing of the mission, the Advisory Committee had recommended against the approval of a number of posts proposed by the Secretary-General, for the reasons outlined in its report. The Advisory Committee encouraged gradual replacement of international BINUB staff with national staff wherever possible, and recommended that grade levels in the mission should be kept under review as the handover from ONUB was completed.

8. Introducing the report of the Advisory Committee on estimates in respect of the United Nations Political Mission in Nepal (A/61/640/Add.2), he said that the Advisory Committee principally advised a reduction of the staffing costs of the Mission, whose proposed structure seemed in many cases to have been driven by the application of a template rather than by an analysis of the Mission's specific needs. The fact that UNMIN was considered a focused mission of limited duration should have had some impact on its intended structure and resources. The Advisory Committee had therefore recommended against approval of a number of the posts proposed by the Secretary-General.

9. The Advisory Committee also recommended that the general temporary assistance requirements for the Department of Peacekeeping Operations and Department of Political Affairs, for which provision had been made in the UNMIN budget, should instead be met from the existing appropriations under the programme budget for 2006-2007 and reflected, if necessary, in the second performance report for that biennium.

10. **Mr. Thomma** (Germany), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Liechtenstein, said that the European Union recognized the importance of special political missions and their role in resolving conflicts and promoting peace. The missions should be able to realize their mandates and fully achieve their goals while efficiently utilizing the resources placed at their disposal by Member States. The European Union regretted the late issuance of the reports in question, which had prevented it from studying them as thoroughly as it would have wished. The European Union, while greatly benefiting from the guidance of the Advisory Committee, would be seeking further clarification on a number of points.

11. The European Union appreciated the achievements and successful completion of the United Nations Operation in Burundi. The establishment of its successor — the United Nations Integrated Office in Burundi — was a good example of a smooth transition from peacekeeping to peacebuilding. He congratulated the people of Burundi on their accomplishment and assured them of the European Union's support in the next phase of their peacebuilding efforts.

12. The European Union recognized the importance of the International Advisory and Monitoring Board in overseeing the use of resources of the Development Fund for Iraq. He hoped that it would successfully complete its work during the current year.

13. Lastly, he expressed support for the United Nations Mission in Nepal, which helped Nepal sustain the peace negotiated in the November 2006 Comprehensive Peace Agreement. The Mission was a focused mission of limited duration and should strive to accomplish its mandate in an efficient manner. In order to avoid overbudgeting, it was important to pay attention to the specific mandate and needs of a mission, rather than applying a template to different field missions. Bearing in mind the Advisory Committee's recommendations, the European Union expected a fruitful exchange of views on those questions in informal consultations.

14. **Ms. Pataca** (Angola), speaking on behalf of the African Group, said that the Group reiterated its long-held view that United Nations efforts to consolidate peace in Burundi were important and noted the proposed structure and resource requirement of the United Nations Integrated Office in Burundi, along with the Advisory Committee's recommendations regarding the staffing of BINUB. It agreed with the Advisory Committee that international staff in that mission must be replaced by national staff as the

situation in the country progressed. The Group would like the Advisory Committee to clarify the rationale for, and possible effects of, the staffing recommendations contained in paragraph 14 of its report (A/61/640/Add.2) from the standpoint of the mission's ability to fulfil its mandate.

15. **Mr. Acharya** (Nepal) said that, while his delegation was satisfied with most of the recommendations in the Advisory Committee's report on the United Nations Mission in Nepal (A/61/640/Add.2), it could see little justification, from the point of view of effective and efficient fulfilment of the Mission's mandate, for eliminating a number of posts. As a consequence, it hoped that the Committee would retain them.

16. First, as the non-military ceasefire monitoring functions were important in ensuring that the Comprehensive Peace Agreement was implemented effectively at regional level, Nepal wished both of the P-3 Monitoring and Outreach Team leader positions and both of the P-2 Associate Civil Affairs Officer positions to be retained for each of the five regional components of the Civil Affairs Office, as proposed in the report of the Secretary-General (A/61/525/Add.7). Second, as the role of the P-5 Senior Coordination Officer for the Office of the Special Representative was important, particularly in coordinating the United Nations country team and donor community, his delegation would like it to be retained; it was unconvinced by the recommendation of the Advisory Committee that the Chief of Staff in that Office could or should perform the functions in question.

17. His delegation believed that the staffing structure proposed by the Secretary-General was justified by the Mission's monitoring role, the importance of the political process in the country and the fact that difficult terrain and long distances hampered communications and mobility. Proposed resource requirements must be comparable with those of other missions of a similar nature and duration.

18. **Mr. Potts** (United States of America) said that his delegation supported the recommendations of the Advisory Committee regarding BINUB, the United Nations representative to the International Advisory and Monitoring Board and UNMIN. The two missions would play a vital role in bringing peace and stability to regions which had experienced a great deal of conflict. In the case of BINUB, his delegation agreed with the Advisory Committee that the report of the Secretary-General (A/61/525/Add.6) could have provided more justification of resource requirements in terms of the mission's expected accomplishments for the year. In the case of UNMIN, it supported the expectation of the Advisory Committee that the Mission's proposed structure and the resource allocation for its various components should be more closely linked to an analysis of its specific needs.

19. **Ms. Kaji** (Japan) said that, although much attention had been devoted to the recent surge in peacekeeping missions, special political missions had experienced a similar surge. The two types of mission could complement each other, but the Committee must examine them carefully, focusing on the link between the logical framework used for results-based budgeting and mission resource requirements.

20. In the case of BINUB, which was intended to develop an effective peacebuilding process in a smooth transition from ceasefire to stability and prosperity, her delegation supported the view of the Advisory Committee that the Mission's staffing structure must take into account the gap between budgetary assumptions and actual deployment. It also supported the Advisory Committee's recommendations regarding the Mission's budget. In the case of UNMIN, the role of which was arms monitoring and election support, her delegation shared the view of the Advisory Committee that the application of one-size-fits-all models to different field missions should be avoided, and supported its recommendations regarding the Mission's budget. Thoughtful planning was needed to prevent duplication and overlaps.

21. **Mr. Hussain** (Pakistan) said that the action taken by the Secretary-General to promote conflict resolution would have far-reaching effects on the countries involved. His delegation hoped that the functions of UNMIN, as described in paragraph 8 of the report of the Secretary-General (A/61/525/Add.7), would be implemented and that the timelines established would be adhered to. However, he had also noted the concerns of the representative of Nepal at the recommended reductions in resources for the Mission. As a regional neighbour of Nepal, Pakistan was committed to supporting it during a critical and sensitive period of transition, and hoped that the allocation of resources would not jeopardize the expected progress. The issue should be explored further in informal consultations.

22. His delegation recalled that concern had regularly been voiced in the General Assembly regarding the allocation of resources for special political missions, and believed that such missions lacked a well defined logical framework. Perhaps the solution lay in applying a results-based management approach to special political missions, in order to determine objectives, establish timelines for accomplishing those objectives and ensure that programme managers were accountable for implementation. Currently, despite the mandates established by the Security Council, implementation of special political missions proceeded from one phase to another without a consistent method, making implementation inadequate and timelines imprecise. The same lack of precision led to missions of a similar character carrying different resource requests. His delegation took the view that outputs must be considered more objectively and transparently, and echoed the call made by the General Assembly in 2006 for greater use of logical frameworks for results-based budgeting in connection with special political missions.

Agenda item 133: Financing of the United Nations Operation in Burundi (A/61/771 and A/61/790)

23. **Ms. Pollard** (Director, Peacekeeping Financing Division) introduced the report of the Secretary-General on the financing of the United Nations Operation in Burundi (A/61/771). As explained in the report (para. 1), the mandate of ONUB had been established by the Security Council in its resolution 1545 (2004). By its resolution 1692 (2006), the Council had decided to extend the mandate of ONUB until 31 December 2006 and had welcomed the intention of the Secretary-General to establish, at the end of that period, an integrated office of the United Nations in Burundi. Accordingly, on 1 January 2007, the Operation had commenced its administrative liquidation, including the process of the disposition of its assets, to be completed by 30 June 2007.

24. The report was being submitted pursuant to regulation 5.14 (e) of the Financial Regulations and Rules of the United Nations, which stipulated that the donation of peacekeeping operations assets to the duly recognized Government of the host country required prior approval by the General Assembly.

25. The inventory value of the assets proposed for donation as at 15 February 2007 was $2,799,400, or 5.1 per cent of the total inventory value of the Operation's assets. The proposed donation of assets, comprising primarily prefabricated buildings, would enhance the operational capabilities of the Government of Burundi. Furthermore, owing to the landlocked location of the Operation, the cost of dismantling, refurbishing, packing and shipping the assets would render such transfer largely uneconomical.

26. The action to be taken by the General Assembly, as set out in paragraph 6 of the report, was to approve the donation of ONUB assets to the Government of Burundi.

27. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/61/790), said that the Advisory Committee recommended approval of the donation of assets to the Government of Burundi.

28. **Ms. Pataca** (Angola), speaking on behalf of the African Group, said that the African Group attached great importance to efforts to ensure lasting peace in Burundi. She paid tribute to the men and women of the United Nations for their contribution to those efforts and urged the international community to continue to support the reconstruction and development of Burundi. The African Group strongly supported the request of the Secretary-General and the Advisory Committee's recommendation regarding the donation of assets to the Government of Burundi.

29. **Mr. Shingiro** (Burundi) said that the proposed donation, however modest, would have a positive impact on both the efforts of his Government to build peace in Burundi and the public relations of the United Nations, which the Burundian people would remember every time they saw the buildings that ONUB had donated to them. He expressed appreciation for the proposed donation of assets, which he encouraged Member States to approve.

Organization of work

30. **The Chairman** drew attention to a letter from the Secretary-General to the President of the General Assembly regarding a request from the Registrar of the International Criminal Court (A/C.5/61/19).

31. He recalled that, at the Committee's 38th meeting, a request had been made for a representative of the Office of Human Resources Management to provide an explanation as to why the Secretary-General would not be presenting to the General Assembly, at

the first part of its resumed sixty-first session, proposals to address the imbalance in the geographical distribution of the staff in the Office of the United Nations High Commissioner for Human Rights, as he had been requested to do in section XVII of resolution 61/244. In that connection, he invited the Director of the Operational Services Division to make a statement.

32. **Ms. Haji-Ahmed** (Director, Operational Services Division) recalled that, in section XVII of resolution 61/244, the General Assembly had requested the Secretary-General to present to it at the first part of its resumed sixty-first session, in consultation with the Office of the United Nations High Commissioner for Human Rights, proposals to address the imbalance in the geographical distribution of the staff in that Office and had decided to revert to the issue at the first part of its resumed sixty-first session.

33. It was her understanding that the Assembly's request was to be read in conjunction with resolution 61/159, entitled "Composition of the staff of the Office of the United Nations High Commissioner for Human Rights", which had been adopted on the recommendation of the Third Committee. In that resolution, the General Assembly had decided, inter alia, to allow, in the effort to redress the specific geographic imbalance of the Office of the United Nations High Commissioner for Human Rights, the establishment of a temporary mechanism whereby recruitment of staff in the Office at the P-2 level would not be restricted to successful candidates from the national competitive examination.

34. On 22 January 2007, the Assistant Secretary-General for Human Resources Management had sent a memorandum to the Secretary of the Committee providing an explanation for the delay in the preparation of the report in question. The memorandum had been made available to the Bureau.

35. The Office of Human Resources Management and the Office of the United Nations High Commissioner for Human Rights were working together to prepare proposals that would address the General Assembly's concerns, while respecting the relevant legislative mandates. The issues were complex and had required extensive coordination. Accordingly, the Secretariat had not been in a position to submit a report in time for it to be considered by the Committee at the first part of the resumed session.

36. She assured the Committee that every effort was being made to complete the preparation of the report, so that it could be considered at the second part of the resumed session, at which the Committee would also be considering a number of other reports relating to human resources.

37. **Mr. Berti Oliva** (Cuba) thanked the Director of the Operational Services Division for her explanation and expressed his hope that the report would indeed be ready in time for the second part of the resumed session.

The meeting rose at 11 a.m.

United Nations A/C.5/61/SR.41

General Assembly
Sixty-first session

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Fifth Committee

Summary record of the 41st meeting
Held at Headquarters, New York, on Wednesday, 14 March 2007 at 10 a.m.

Chairman: Mr. Yousfi ..... (Algeria)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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Agenda item 117: Programme budget for the biennium 2006-2007 (*continued*)

Liabilities and proposed funding for after-service health insurance benefits

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07-26906 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 117: Programme budget for the biennium 2006-2007 (*continued*)

Liabilities and proposed funding for after-service health insurance benefits (A/61/730 and A/61/791)

1. **Mr. Sach** (Controller) introduced the report of the Secretary-General on liabilities and proposed funding for after-service health insurance benefits (A/61/730). As requested in section III of General Assembly resolution 60/255, the current report supplemented information provided in an earlier report of the Secretary-General (A/60/450 and Corr.1). In accordance with the resolution, the after-service health insurance liability would be reflected in the 2006-2007 financial statements. The current report recommended that the United Nations should initiate an after-service health insurance funding strategy aimed at fully funding the after-service health insurance programme within 12 to 15 bienniums.

2. It was common for Member States to provide after-service health protection for national civil servants and members of their families. As most United Nations staff were not entitled to that social benefit by virtue of working for the United Nations, the General Assembly, in 1966, had decided to extend health insurance coverage to retirees and those who separated for reasons of disability. Accordingly, the after-service health insurance programme had been established in 1967. Health insurance protection for staff and retirees continued to be an important component of overall conditions of service.

3. As noted in the report (A/61/730, para. 17), the health insurance protection offered under the United Nations plans was comparable to that offered by other large employers and government entities.

4. The after-service health insurance programme and the United Nations Joint Staff Pension Fund, while enjoying a number of similarities, differed significantly in the way in which they were accounted for and funded. In contrast to the Pension Fund, the Organization's share of after-service health insurance costs was accounted and provided for on a pay-as-you-go basis, with expenditures based on annual payment requirements for current retirees. Funds for the Organization's share were appropriated on a biennial basis in the programme budget. However, the pay-as-you-go approach — used by most organizations with after-service health insurance programmes — was no longer sustainable given the ongoing growth in costs due to an increasing population of participants and current demographic and medical trends. A number of organizations had, therefore, started funding such liabilities as they accrued.

5. The accrued liability for after-service health insurance benefits was conceptually similar to the accrued liability for pension benefits. The liability was calculated by a consulting actuary at the end of each biennium, using actuarial assumptions aligned with those used for the Pension Fund and using the projected unit credit method for valuing benefits, as required under the International Public Sector Accounting Standards (IPSAS).

6. When after-service health insurance liabilities had first been disclosed in 1995, there had been about 3,400 enrollees, the Organization's biennial cost had been about $28.7 million and the accrued liability had been actuarially determined to be $786.8 million. By the end of 2005, those numbers had grown and the after-service health insurance programme now covered over 7,800 enrollees, with a 2006-2007 biennial budget of $102.7 million and an actuarially calculated accrued liability of $2,072.8 million. Those trends were expected to continue. After-service health insurance costs to the Organization were expected to grow by 15 to 20 per cent each biennium. Projecting 25 years into the future, it was anticipated that the after-service health insurance population would exceed 14,000 enrollees, with the 2030-2031 biennial budget requirements estimated at $666 million and after-service health insurance liabilities approaching $5 billion.

7. In 1995, a task force had recommended the adoption of an actuarially sound basis for tracking the future after-service health insurance obligations of the United Nations. The first step, taken that year, had been to initiate a process of biennial actuarial calculations of accrued liabilities. The second step had been the recognition by the General Assembly, in its resolution 60/255, of after-service health insurance liabilities, which were now treated on an accrual basis in the United Nations financial statements. It was now time to take the next step and adopt an actuarially sound funding strategy. A number of organizations in the United Nations common system had already begun

funding their after-service health insurance liability. The United Nations should do likewise.

8. Given the size of the after-service health insurance liabilities, full funding of the accrued liabilities for the United Nations could not be achieved in the short to intermediate term, but required a dedicated long-term funding strategy. Chapter V of the report set out five potential funding strategies. The first four funding alternatives resulted in either immediate full funding or projected full funding over a period of 24 to 30 years. The fifth alternative, the recommended option, was an updated version of the strategy proposed by the Secretary-General in his earlier report (A/60/450). Alternative 5 was a two-tiered funding approach aimed at initiating and progressively increasing the level of funding over the long term. It proposed a one-time initial infusion of $503.5 million plus systematic funding for the long term, consisting of predictable and flexible elements.

9. The figures given in the report were indicative. Periodic reviews would, therefore, be required to ensure that the funding was actuarially sound; to determine the impact that the utilization of savings, if any, would have on funding levels; and to determine to what extent a change in the rate chargeable against salaries would be needed to ensure that a systematic increase in funding levels was sustained and that full funding was ultimately achieved.

10. The establishment of an independently segregated after-service health insurance reserve fund would be required under each of the funding alternatives proposed. The report recommended the establishment of such a fund, with initial transfers being invested in short- to medium-term securities. A detailed investment strategy tailored to meet the longer term anticipated cash flow requirements of the fund would be developed and provided to the General Assembly, should the establishment of such a fund be authorized and a proposed funding mechanism approved.

11. The report also requested approval to put in place cost containment initiatives by imposing more restrictive eligibility requirements and changing the cost-sharing basis for new recruits, in particular by increasing the minimum period of service required for eligibility from 5 years to 10; introducing the application of a theoretical pension of a minimum of 25 years of service for those with less than 25; and introducing a minimum participation requirement for eligibility of dependants.

12. The report also recommended approving funding of after-service health insurance liabilities of the International Criminal Tribunal for the Former Yugoslavia, the International Criminal Tribunal for Rwanda and the United Nations Compensation Commission, with the aim of fully funding such liabilities prior to the closure of those offices.

13. The Secretary-General attached high importance to the after-service health insurance programme and, therefore, to the viability of its financial base. The short- and long-term funding strategies outlined in the report identified means for funding the related liabilities.

14. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report (A/61/791) of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), said that the complex issue of after-service health insurance had been discussed for decades. The Advisory Committee requested the Committee to consider its report in detail, as it made a number of suggestions and recommendations for consideration by the General Assembly. He would focus on the main points only. Any questions raised by the Committee would be answered in informal consultations.

15. In section III of its resolution 60/255, the General Assembly had recognized the end-of-service accrued benefit liabilities reported by the Secretary-General and requested that he should take the necessary steps to disclose those liabilities in the United Nations financial statements. The Assembly had also requested the Secretary-General to submit a report at its sixty-first session giving further explanation of the after-service health insurance programme, addressing the issues raised by the Advisory Committee in its related report (A/60/7/Add.11) and providing updated information on the status of liabilities, clarifications with regard to the assumptions used to determine liabilities and alternative strategies to fund the liabilities. The current report of the Secretary-General (A/61/730) was in response to that report of ACABQ and the General Assembly's directive.

16. Paragraph 7 of the Advisory Committee's current report (A/61/791) outlined the five potential funding alternatives put forward by the Secretary-General. The

Secretary-General recommended alternative 5, which provided, inter alia, for a one-time infusion of $503.5 million.

17. Paragraph 9 discussed alternatives 1 and 2. In that connection, the Advisory Committee had asked the General Assembly to consider whether it wished to apportion the full cost to the regular budget, or whether to apportion costs to all funding sources that gave rise to costs for after-service health insurance liabilities.

18. Alternatives 3 and 5 put forward scenarios for full financing in 12 to 13 bienniums, in the former case without any immediate infusion of funds, and in the latter with an immediate infusion of $503.5 million (para. 11). In paragraph 12, the Advisory Committee recommended against making an exception to financial regulation 5.3 and was of the view that the balance of $410 million in unencumbered balances and savings on the cancellation of prior-period obligations under peacekeeping operations at the close of the financial period 2005-2006 should be returned to Member States. It had also explained the reasons for that recommendation. In paragraph 13, the Advisory Committee recommended the proposed transfer of $61.5 million from the medical and dental reserves and $32 million from the compensation reserve. Should the General Assembly approve that course of action, the estimated after-service health insurance liability would be correspondingly reduced.

19. The fourth alternative was discussed in paragraph 16 onwards. The Advisory Committee encouraged the Secretary-General to further develop his long-term investment strategy for after-service health insurance (para. 17) and recommended that the General Assembly should authorize the establishment of a separate special account for after-service health insurance funds (para. 18).

20. In paragraph 19, the Advisory Committee noted that, in his current report (A/61/730), the Secretary-General had resubmitted the proposals contained in his previous report (A/60/450), but with one revision. The Secretary-General was requested to provide the General Assembly with further information on the financial and other issues associated with that revision.

21. With regard to accrued unfunded liabilities relating to retirees from the United Nations Compensation Commission, the Advisory Committee recommended approval of the funding of after-service health insurance liabilities as a part of the winding-up costs of the Commission (para. 20).

22. Lastly, the Advisory Committee recommended that the measures proposed in the report of the Secretary-General regarding the funding of the after-service health insurance liabilities related to the International Criminal Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda (A/61/730, paras. 50 (d) and (e), respectively) should be duly considered in order to provide for those liabilities, recognizing the temporary nature of the Tribunals (para. 21).

23. **Mr. Thomma** (Germany), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Montenegro and Serbia; and, in addition, Iceland, Moldova and Ukraine, said that the European Union recognized the efforts of the Department of Management in delivering a breakdown of the after-service health insurance programme and the status of liabilities thereof, as requested in General Assembly resolution 60/255. The disclosure of such liabilities was a necessary condition for the application of International Public Sector Accounting Standards, even though the European Union understood that there was no legal obligation to fund them. Furthermore, the report of the Secretary-General (A/61/730) provided alternative strategies for funding the disclosed liabilities.

24. He conveyed his appreciation to ACABQ for its analysis of the status quo of the after-service health insurance programme and the recommendations presented in its report regarding the funding of liabilities. Noting the Advisory Committee's comment (A/61/791, para. 9) that there was no specific time frame within which the liabilities must be fully funded, he said that the European Union stood ready to discuss all practicable strategies aimed at addressing the issue. The European Union was willing to discuss the proposed modifications to requirements for eligibility for after-service health insurance benefits and the adjustments in the health insurance programme itself. Such modifications would reduce future liabilities and align the system more with those of other United Nations entities. Member States and the Secretary-General had a shared responsibility to establish provisions for new staff, in order to avoid creating new unfunded liabilities.

25. After-service health insurance benefits were not only a liability, but also an asset of the United Nations staff. The European Union stood ready to assume its shared responsibility for United Nations staff with regard to such benefits.

26. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that the Group of 77 and China attached great importance to the issue under consideration. After-service health insurance costs were common staff costs and their recognition as such was common international practice. As noted in the Secretary-General's report (para. 17), many retiring staff members could not benefit from the national social security schemes of Member States owing to their service with the United Nations. The Group was sympathetic to the issue of post-retirement health insurance benefits for all United Nations staff. It was in that spirit that it had participated in related discussions in the past.

27. Noting that the Secretary-General had submitted his report (A/61/730) in accordance with the request by the General Assembly for updated information on the status of liabilities, clarifications with regard to the assumptions used to determine liabilities and alternative strategies to fund the liabilities, he said that, given the significance and complexity of the issue, many questions still needed to be clarified with regard to specific data and accrual methods, an appropriate funding mechanism and practices followed by other United Nations entities, inter alia. The related report of the Advisory Committee (A/61/791) provided a good basis for discussion.

28. The issue of after-service health insurance liabilities had long-term implications for both Member States and United Nations staff. A comprehensive and long-term solution was needed. The Group would participate in consultations on the item in a constructive manner, bearing in mind the significance of the implications of after-service health insurance, particularly in the context of the introduction of International Public Sector Accounting Standards for the United Nations system with effect from 2010.

29. **Mr. Chando** (Malawi), speaking on behalf of the African Group, assured the Committee of the Group's support and cooperation on the issue, which concerned conditions of service and was a vital element of social security for retired staff members. He supported the view that the after-service health insurance benefits of United Nations staff members should be in line with those of the staff members of other international organizations. In that regard, he noted that the Organization's liabilities and participants' benefits had been determined by following internationally accepted accounting standards and had been compared with other major organizations and Governments. The Group would nonetheless seek clarification, particularly regarding the technical concepts of the valuation methodology, in order to better understand the accrued liabilities.

30. The Group was aware that liabilities would continue to accumulate as long as the matter remained in abeyance. However, it was prudent to discuss the circumstances that had led to the accumulation of the Organization's liabilities and avoid a recurrence. The Group would appreciate clarification of those issues, including those raised in section III of resolution 60/255, in informal consultations, in order to facilitate a speedy solution. The Group had taken note of the proposals and recommendations of the Secretary-General and the observations of ACABQ and looked forward to discussing them in informal consultations.

31. **Mr. Kozaki** (Japan) said that, given the huge present and future financial implications of the issue for both Member States and the Organization, there was a need for absolute clarity on the rationale behind the need to fund such estimated liabilities and the justification for the proposed funding strategy put forward by the Secretary-General. Without such clarity, his delegation would not be in a position to take a decision. His delegation would also appreciate detailed information regarding the administrative and budgetary implications of the introduction of International Public Sector Accounting Standards by 2010, including the costing of staff-related expenditures and its implication for the proposed programme budget for 2008-2009. It was important to understand what was required by IPSAS and what was required from the point of view of prudent financial management.

32. His delegation agreed with the Advisory Committee's observation (A/61/791, para. 6) that IPSAS required the disclosure of after-service health insurance liabilities. However, IPSAS itself did not require the full and immediate funding of an estimated after-service health insurance liability. His delegation was not convinced that full funding was an absolute requirement of IPSAS, given that the United Nations

could apportion the Organization's expenses among the entire membership.

33. Furthermore, his delegation was not convinced that the framework of 12 to 13 bienniums envisaged by the Secretary-General for fully funding liabilities constituted a reasonable planning horizon (A/61/791, para. 9), when there was no specific time frame within which the liabilities must be fully funded. His delegation was also unsure whether a clear distinction had been made between liabilities as such, potential liabilities and actuarially estimated liabilities. His delegation also wondered whether the accrual method of accounting required the full funding of actuarially estimated after-service health insurance liabilities, including those of staff members who did not meet the eligibility requirements set out in the Administrative Instruction on after-service health insurance dated 19 May 1994 (ST/AI/394) and in respect of whom the Organization was not yet obliged to pay for after-service health insurance liabilities. It also wondered whether it was necessary from the viewpoint of the prudent financial management of the Organization.

34. On the issue of funding after-service health insurance liabilities using resources from peacekeeping budgets, he said that after-service health insurance liabilities, if funded at all, should be funded from all sources in an appropriate and proportionate manner, taking into account that such liabilities related not only to the regular budget, but also to the budgets of the Tribunals and peacekeeping missions. The Advisory Committee rightly recognized (A/61/791, para. 12) that peacekeeping missions, particularly active ones, should fund their share of the costs of after-service health insurance, as well as the accrued liability attributable to them.

35. His delegation also agreed with the Advisory Committee (para. 12) that the transfer of unencumbered balances to entirely alternate uses was an inappropriate financial management practice. However, the use of some unencumbered balances to fund the after-service health insurance liabilities attributable to active peacekeeping missions — at least for the fiscal year 2005/06 — did not necessarily constitute an entirely alternate use or an inappropriate financial management practice and could therefore be justified.

36. Lastly, it was not clear from the Secretary-General's proposals how he wished to deal with after-service health insurance liabilities in the context of the International Criminal Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, given their mandated closure at the end of 2010.

37. **Mr. Potts** (United States of America) said that his delegation supported efforts by the United Nations to address after-service health insurance in a thoughtful and responsible manner. Caring for its staff, many of whom had served in difficult and perilous spots across the globe, should be high on the Committee's agenda. The United States would work with other Member States to find a lasting and cost-effective solution.

38. Because the costs were significant, it was imperative that the issue should be addressed thoughtfully. A serious review and discussion of the Secretary-General's proposed plan was needed. Note must also be taken of the Advisory Committee's recommendation (A/61/791, para. 9) that the after-service health insurance liability could be addressed within the framework of 12 to 13 bienniums without undermining the commitment by the United Nations to follow International Public Sector Accounting Standards.

39. Lastly, his delegation wished to hear more about the proposal, under alternative 5, to tap funds from medical and dental reserves and the compensation fund (A/61/730, para. 31) and about the way in which other United Nations system entities were addressing after-service health insurance, including any pitfalls of staying with a pay-as-you-go system.

The meeting rose at 10.45 a.m.

United Nations A/C.5/61/SR.42

General Assembly
Sixty-first session

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Fifth Committee

Summary record of the 42nd meeting
Held at Headquarters, New York, on Wednesday, 21 March 2007, at 10 a.m.

Chairman: Mr. Mammadov (Vice-Chairman) ..... (Azerbaijan)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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Agenda item 133: Financing of the United Nations Operation in Burundi (*continued*)

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07-27669 (E)

In the absence of Mr. Yousfi (Algeria), Mr. Mammadov (Azerbaijan), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 144: Financing of the United Nations peacekeeping forces in the Middle East (*continued*)

(b) United Nations Interim Force in Lebanon (*continued*) (A/61/766 and A/61/803)

1. **Mr. Sach** (Controller), introducing the report of the Secretary-General on the financing of the United Nations Interim Force in Lebanon (UNIFIL) for the period from 1 July 2006 to 30 June 2007 (A/61/766), said that, by its resolution 60/278, the General Assembly had appropriated an amount of $97,579,600 to the Special Account for UNIFIL for the period from 1 July 2006 to 30 June 2007. The Security Council, by its resolution 1701 (2006), had authorized an increase in the Force strength to a maximum of 15,000 troops. By the same resolution, the Council had extended the mandate of UNIFIL until 31 August 2007 and had decided that, in addition to carrying out its mandate under resolutions 425 (1978) and 426 (1978), the Force would monitor the cessation of hostilities, support the deployment of the Lebanese Armed Forces and support the Government of Lebanon in securing its borders and entry points.

2. By its resolution 61/250, the General Assembly had authorized the Secretary-General to enter into commitments not exceeding $257,340,400 for the expansion of UNIFIL. That amount included some $50 million previously authorized by the Advisory Committee on Administrative and Budgetary Questions (ACABQ), in addition to the $97,579,600 already appropriated for the period from 1 July 2006 to 30 June 2007. The General Assembly had also authorized the Secretary-General to enter into commitments not exceeding $2,486,900 for the support account for peacekeeping operations and for the backstopping of the Force at Headquarters.

3. The proposed budget for the period from 1 July 2006 to 30 June 2007 amounted to $522.8 million, incorporating resource requirements of $259.8 million previously authorized by the General Assembly in its resolution 61/250 and the amount of $93.5 million already appropriated, under resolution 60/278, for the maintenance and expansion of UNIFIL for the period through 30 June 2007. It provided for the deployment of 14,790 military contingent personnel, 406 international staff and 696 national staff.

4. The action sought of the General Assembly, set out in paragraph 87 of the Secretary-General's report (A/61/766), with the appropriation of an additional amount of $427,660,500 for UNIFIL. That amount comprised the amount for the maintenance of the Force and the support account for peacekeeping operations and included the amounts previously authorized by the General Assembly for the current financial period. The General Assembly was also requested to approve a related assessment of $170,320,100 for the period from 1 July 2006 to 30 June 2007, representing the additional share for the support account for peacekeeping operations and taking into account amounts already assessed.

5. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/61/803), said that the Advisory Committee recognized that the expanded mandate of UNIFIL and its increased operations required an increase in the mission's substantive and support components. Given the timing of the submission and consideration of the revised budget, however, it was unlikely that the proposed staffing for the Force for 2006/07 could be put in place and associated operational costs fully utilized within the budget period ending on 30 June 2007. The Advisory Committee recommended a reduction of 5 per cent in the proposed budget; accordingly, the estimated budget requirements for UNIFIL should be reduced from $522.8 million to $496.6 million. If the appropriation proved insufficient, further requirements would be reported in the context of the performance report.

6. The Advisory Committee had no objections to the proposed staffing structure of UNIFIL, subject to the observations and recommendations set out in its report. It would revert to the matter in the context of its review of the budget for UNIFIL for the period 2007/08 and in light of any further information and clarifications that might be provided.

7. A number of specific observations and recommendations had been made on the proposed staffing requirements, including for the Regional Oversight Office in UNIFIL and the Conduct and Discipline Team. The Advisory Committee had also requested that a review should be undertaken to see

which functions currently proposed for Field Service staff, as well as international Professional staff, could be appropriately carried out by national staff.

8. **Mr. Thomma** (Germany), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Moldova and Ukraine, said that the European Union fully supported UNIFIL and all other peacekeeping operations as a core function of the United Nations, and expressed its appreciation to Member States that had contributed to the Force. His delegation welcomed the continued support provided to the mission by the Strategic Military Cell at United Nations Headquarters and the agreement regarding the Maritime Task Force between the United Nations and countries contributing crucial maritime resources.

9. He looked forward to receiving more detailed information on and clarification of the differences between the Secretary-General's budget proposal and the Advisory Committee's recommendations. While all necessary financial means should be granted to the Secretary-General to implement Security Council resolution 1701 (2006), the Secretariat was also expected to present budget proposals that reflected the most efficient means of fulfilling peacekeeping mandates.

10. **Mr. Mukai** (Japan) said that as the General Assembly continued to address the surge in peacekeeping operations, it was necessary to ensure their effective implementation while also enhancing budgetary discipline, accountability and transparency. In that regard, his delegation welcomed the adoption of General Assembly resolution 61/256 on strengthening of the capacity of the Organization on peacekeeping operations, and looked forward to receiving a comprehensive report on functions, budgetary discipline and financial implications.

11. With regard to the proposed budget of UNIFIL, his delegation shared the concern expressed by the Advisory Committee about the tendency to assert resource requirements and not fully explain or justify them. UNIFIL's mandate must be implemented without duplication or overlap, through careful planning. His delegation concurred with the approach taken by the Advisory Committee, since as at 5 March 2007, less than 30 per cent ($61.1 million) of the total provision of $215.9 for operational costs had been utilized, and that provision was unlikely to be fully utilized within the budget period ending on 30 June 2007. Accordingly, the level of assessment should be adjusted. Depending on the clarifications and justifications provided by the Secretariat, it might be necessary to consider making deeper cuts than those recommended by ACABQ. It was also possible that the decision on an appropriation could be deferred and further commitment authority provided to continue operations.

12. His delegation saw little justification for stationing 4 civilians and 29 military officers in New York to administer the Strategic Military Cell, and called for clarification of its relations with the Military Adviser. In that connection, there was a discrepancy between the budget proposal for UNIFIL (A/61/766) and the report of the Secretary-General to the Security Council on the implementation of its resolution 1701 (2006) for the period from 11 to 17 August 2006 (S/2006/670). He therefore requested an explanation of the rationale for appropriating some $2.5 million for the support account for peacekeeping operations.

13. His delegation agreed with the Advisory Committee that with regard to the Regional Oversight Office, factors such as risk and the complexity of operations and, with regard to the Conduct and Discipline Team, actual workload should be considered in deploying resources, and called for immediate review of those issues. He also expressed doubts about the proposals for quick-impact projects in UNIFIL, noting that resources must be utilized in accordance with policy agreed by the General Assembly.

14. **Mr. Ramadan** (Lebanon) said that his Government was grateful for and supportive of the work being done by UNIFIL to bring stability to the southern part of the country in particular. His delegation had always supported requests by the Secretary-General for the resources required for the efficient and effective performance of the Force. The real issue was not the level of assessment or a reduction of the budget, but ensuring that the Force had sufficient resources to perform its vital task as mandated by the Security Council.

15. **Mr. Sach** (Controller) said that the request for appropriating $2.5 million for the support account for peacekeeping operations in the context of the UNIFIL

budget followed an existing commitment authority for that amount granted the previous fall in connection with commitments in place at that time for Headquarters-based support costs.

Agenda item 151: Financing of the United Nations Integrated Mission in Timor-Leste (*continued*)
(A/61/759 and A/61/802)

16. **Mr. Sach** (Controller), introducing the report of the Secretary-General on the financing of the United Nations Integrated Mission in Timor-Leste (UNMIT) for the period from 25 August 2006 to 30 June 2007 (A/61/759), said that UNMIT had been established by Security Council resolution 1704 (2006). The General Assembly, in its resolution 61/249, had authorized the Secretary-General to enter into commitments not exceeding $170,221,100 for the establishment and maintenance of UNMIT. By its resolution 1745 (2007) the Security Council had extended the mandate of the Mission until 26 February 2008.

17. The proposed budget for the period from 25 August 2006 to 30 June 2007 amounted to $194.6 million, incorporating and superseding the initial resource requirements. Owing to the timing in the preparation and issuance of the proposed budget, it did not include resource requirements related to the deployment of an additional formed police unit that was expected to occur prior to the holding of elections scheduled for April 2007. The Secretariat would attempt to absorb those requirements within the proposed budget level.

18. As set out in paragraph 150 of the Secretary-General's report (A/61/759), the General Assembly was requested to appropriate an amount of $194,565,300 for the establishment and maintenance of UNMIT for the period from 25 August 2006 to 30 June 2007, inclusive of the previously authorized commitment authority. The General Assembly was also requested to approve an associated assessment of the amount of $51,424,880, which took into account an amount of $143,140,420 already assessed for the period from 25 August 2006 to 25 February 2007.

19. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/61/802), said that, based on the expenditure pattern of the first six months, the Advisory Committee recommended a reduction of 5 per cent in the proposed budget for the period from 25 August 2006 to 30 June 2007.

20. The Advisory Committee had also made a number of recommendations concerning staffing and had urged a careful review by the Mission and at Headquarters of the staffing requirements, taking into account the Mission's special circumstances. For example, given the strong presence of United Nations agencies, funds and programmes in Timor-Leste, care should be taken to avoid duplicating functions and structures that already existed within the country team. Furthermore, the possibility that both presidential and parliamentary elections might be concluded by the end of the financial period should be taken into account in planning for future staffing and structures.

21. **Mr. Stone** (Australia), speaking on behalf of the CANZ group of countries (Australia, Canada and New Zealand), said that the CANZ delegations welcomed the extension of the mandate of the United Nations Integrated Mission in Timor-Leste pursuant to Security Council resolution 1745 (2007). They were also pleased with the presentation of the first results-based budget, which represented an important development in the Organization's work in Timor-Leste.

22. Although UNMIT was relatively new, the fact that some 60 per cent of international posts remained unfilled was a concern. The CANZ countries would appreciate receiving an update from the Secretariat as to whether the situation had improved and how it planned to expeditiously fill those posts.

23. The CANZ countries had taken note of the Advisory Committee's recommendations, particularly with regard to the determination of the Mission's structure and staffing levels. Staffing requirements of missions should be carefully reviewed for each budget cycle.

24. Regarding the Advisory Committee's recommendation that the post of Deputy Police Commissioner for Administration and Development should be established at the P-5 level rather than the D-1 level, it should be noted that the reform, restructuring and rebuilding of the Timorese national police was a complex and critical task which required a highly qualified person and continuity in the role. The grade level of the Deputy Police Commissioner should reflect those requirements.

25. Concerning the Advisory Committee's recommendation for a reduction in the proposed budget for the period from 25 August 2006 to 30 June 2007 by 5 per cent, the CANZ countries would welcome the Secretariat's practical assessment of the potential operational impact of such a reduction, in view of the upcoming presidential and parliamentary elections.

26. Finally, it was disturbing that, as at the end of February 2007, only 6 per cent of assessed contributions for UNMIT had been received. The high level of outstanding assessments not only placed the Mission in a precarious cash position but also delayed payment to the Member States providing police personnel.

27. **Mr. Mukai** (Japan) said that his delegation strongly supported the extension of the mandate of UNMIT pursuant to Security Council resolution 1745 (2007), particularly in view of the upcoming presidential and parliamentary elections.

28. He fully concurred with the Advisory Committee's recommendations regarding the budget of UNMIT and said that he would like to see further adjustments to the level of assessment. He also agreed with the Advisory Committee's recommendations concerning the administration and management of the Mission and opportunities for further savings.

29. His delegation supported the Advisory Committee's view that, based on its expenditure pattern as at 5 March 2007, the Mission was unlikely to utilize all the requested resources. The apportionment of resources should be decided in view of clarifications and justifications by the Secretariat.

30. His delegation agreed with the Advisory Committee that a standard template should not be used routinely in determining the structure and staffing levels of missions, including the number and grade levels of posts. With respect to specific recommendations on posts, he had doubts concerning the requirement for two Assistant Secretary-General level posts. He also questioned the need for a D-2 Chief of Staff, a D-1 Chief Political Affairs Officer and two D-1 Deputy Police Commissioners. His delegation had further reservations regarding the proposed staffing of the Conduct and Discipline Team and the Internal Oversight Office.

31. The delegation of Japan fully agreed with the Advisory Committee that care should be taken to avoid duplicating functions and structures that already existed within the country team. In that regard, it would be useful to receive further details regarding the expected areas of cooperation between the Mission, country team partners, bilateral partners and multilateral partners.

32. Finally, given the presence of bilateral donors and United Nations funds and programmes in the field, there was no clear justification for quick-impact projects. His delegation was disturbed at the lack of comprehensive policy and legal basis in respect of quick-impact projects.

33. **Mr. Traystman** (United States of America) said that the surge in peacekeeping operations demanded stronger management, more efficient implementation of mandates and greater accountability for action. In the light of current and future challenges, it was particularly important that the Secretariat should ensure that requests for resources were fully justified.

34. His delegation was concerned at the lack of budget discipline in respect of peacekeeping missions. In its report on the proposed budget of UNMIT (A/61/802), the Advisory Committee had pointed out that, as at 5 March 2007, expenditures amounted to 40 per cent for a financial period that was more than 80 per cent complete. Projected expenditures for the period from 6 March to 30 June 2007 corresponded precisely to the envisaged unencumbered balance. In its report on the financing of UNIFIL (A/61/803), the Advisory Committee had referred to a similar pattern of under-expenditure. While it was recognized that initial budgets had been overestimated owing to uncertainty, subsequent budgets should reflect field experience. His delegation would endeavour to clarify the actual requirements of both missions through 30 June 2007 in informal consultations. It was prepared to support the Advisory Committee's recommendation of a 5 per cent reduction in the proposed budgets for UNMIT and UNIFIL but would call for further reductions, if justified.

35. With respect to UNMIT in particular, his delegation noted that the proposed budget contained detailed information on the activities and funding provisions of United Nations agencies, funds and programmes. Such detailed information should be included in the proposed budgets of all peacekeeping missions, as it was important to avoid any overlap or duplication of activities between the missions and

United Nations country teams. His delegation would seek further clarification in informal consultations on the steps being taken by the United Nations country team in Timor-Leste to coordinate activities and share common premises and services.

36. **Mr. Silalahi** (Indonesia) said that UNMIT would make a significant contribution to the establishment of peace and security in Timor-Leste, beginning with its support of the forthcoming presidential and parliamentary elections. Regarding the proposed budget for the period from 25 August 2006 to 30 June 2007, it was important that the very limited amount of resources should be allocated to the appropriate units and teams. For example, it had been proposed that a large number of P-4/P-5 officers should be appointed to the Electoral Assistance Office, whereas the proposed staffing of the Democratic Governance Support Office included only a handful of officers at the P-4/P-5 level. Although the upcoming elections were important, it should be remembered that the ultimate goal was democratic governance. Similarly, it had been proposed that a large number of staff should be appointed to the Office of the Deputy Special Representative of the Secretary-General for governance support, development and humanitarian coordination. It would be more appropriate to allocate those resources to the Administration of Justice Support Section or the Office of the Deputy Special Representative of the Secretary-General for security sector support and rule of law, since their functions had a more direct impact on the population.

37. Finally, his delegation did not understand the rationale for appointing a large number of staff to the Serious Crimes Investigation Team, which dealt with events of the past. It seemed more worthwhile to invest in the country's future by increasing the staff at the Humanitarian Affairs Unit, the Gender Affairs Unit or the HIV/AIDS Unit. His delegation urged the Secretariat to further examine the matter and realign its priorities, taking into account the limited available budget.

38. **Mr. Sach** (Controller) pointed out that the numbers in the reports resulted from computations that had been made towards the end of 2006; in the light of subsequent events, it was clear that deployment projections had been somewhat optimistic. The Secretariat had taken note of the views of the Advisory Committee and different Member States regarding actual requirements for the financial period from 25 August 2006 through 30 June 2007 and the need to make adjustments accordingly. The matter would be pursued in informal consultations.

Agenda item 124: Joint Inspection Unit (*continued*) (A/C.5/61/L.34)

Draft resolution A/C.5/61/L.34: Programme of work of the Joint Inspection Unit for 2007

39. *Draft resolution A/C.5/61/L.34 was adopted.*

Agenda item 133: Financing of the United Nations Operation in Burundi (*continued*) (A/C.5/61/L.35)

Draft decision A/C.5/61/L.35: Financing of the United Nations Operation in Burundi

40. *Draft decision A/C.5/61/L.35 was adopted.*

41. **Mr. Shingiro** (Burundi) said that his Government greatly appreciated the donation of the assets of the Operation. It hoped that the General Assembly would also donate the assets of the United Nations Integrated Office in Burundi when the mandate of that Office ended.

The meeting rose at 11 a.m.